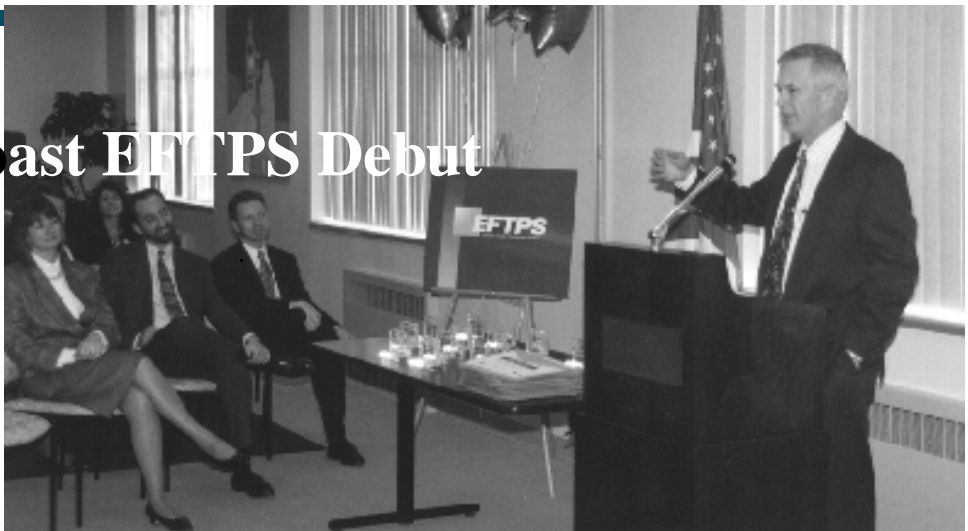


FMS, Partners Toast EFTPS Debut

ON JANUARY 8, the Financial Management Service celebrated the successful implementation of the Electronic Federal Tax Payment System (EFTPS). FMS welcomed its partners in this effort, the **Internal Revenue Service**, the **Federal Reserve**, and the two EFTPS financial agents, **NationsBank** and **First Chicago/Mercantile Services**, to a ceremony at the FMS Liberty Center building in Washington.

At the start of the ceremony, FMS Commissioner **Russell D. Morris** commented on the history of the electronic tax payment initiative at the Department of the Treasury. He was involved in the initial decision to pursue an electronic tax payment system over 10 years ago. **Larry Stout**, Assistant Commissioner, Federal Finance, and **Bettsey Lane**, Cash Management Directorate Director, recognized individuals within all organizations that were part of the EFTPS effort. Individuals received certificates, and each group accepted a plaque commemorating the first EFTPS payment.

EFTPS became operational October 28, 1996, and received its first payment November 7. [See the September 1996 *Financial Connection*.] Enrollment and payment volume continues to increase daily as the 1.2 million taxpayers required to pay taxes electronically by July 1, 1997, begin to use the new system. Enrollments have surpassed 1 million, and collections since November 7 are fast approaching \$50 billion.



Tom Phipps

FMS COMMISSIONER Russell D. Morris discusses the evolution of EFTPS. At left are Sheryl Morrow, Ron Rosenblum, and Walt Henderson—all from FMS.



While a celebration was held, the work is not yet completed as millions of taxpayers and financial institutions begin to interact with EFTPS and Treasury moves towards an all-electronic tax collection system. **FC**

—Ron Rosenblum and Walt Henderson

Groups honored:

- IRS Taxpayer Services
- IRS Cash Management Project Office
- FMS Collections Modernization Division
- FMS Financial Services Division
- FMS Legal and Public Affairs Staffs
- Office of the Fiscal Assistant Secretary
- Federal Reserve Board of Governors
- Federal Reserve Bank of St. Louis
- Federal Reserve Bank of Chicago
- Federal Reserve Bank of Philadelphia
- Federal Reserve Bank of Atlanta
- First Chicago/Mercantile Services
- NationsBank

IRS REPRESENTATIVES accept congratulations from Commissioner Morris. From left are Pat Clarke, Lee Lawrence, Barbara Hughes, Carolynn Adams, and Jeannie Yancey.



'We studied, we sat, we passed.'



SEATED, FROM LEFT, are: Michael Mackay, Alexa Urban, and Carlton Maryott. **Standing** are: Janelle Edgar, Grace Testoff, Elizabeth Oldenburg, Donna Kotelnicki, Kim Snell, and Christine Ricci.



WALT HENDERSON, left, and Dale Walton.

AAP



Linda Weise.

LAST OCTOBER 15, 12 Financial Management Service employees took and passed the Accredited Automated Clearing House Professional (AAP) examination, given by the **National Automated Clearing House Association (NACHA)**.

The examination tests knowledge of Automated Clearing House (ACH) concepts and fundamentals, ACH payment system, rules and regulations, risk management, and marketing strategies.



The Financial Management Service's Web Site has moved.
Our new location on the World Wide Web is:
<http://www.fms.treas.gov>.

New features:

- Specially tailored search engine
- "Browse" table of contents pages organized by topic
- Improved e-mail subscription service

FMS publications available online:

Treasury Bulletin	Consolidated Financial Statements
Monthly Treasury Statement	Treasury Financial Manual
United States Government Annual Report	Financial Report to the Citizens

Also get the latest on:

Debt Management	Electronic Funds Transfer
Electronic Federal Tax Payment System	Standard General Ledger
Approval Process	Sender Express

Administrative Offset, Cross-Servicing Top Debt Collection Methods

BY ROSE M. FREE

THE OFFICE OF THE Assistant Commissioner for Debt Management Services (DMS) is responsible for the Financial Management Service's implementation of centralized administrative offset, cross-servicing, and all debt collection-related activities authorized the Department of the Treasury by the **Debt Collection Improvement Act (DCIA) of 1996**. DMS is accomplishing its goals and objectives with the assistance of FMS legal counsel, the **Federal Credit Policy Working Group**, **Chief Financial Officers Council**, **Department of Justice**, and Federal program agencies.

In addition to implementing administrative offset under the Treasury Offset Program (TOP) and FMS cross-servicing under the Debt Management Services Center (DMSC), DMS is busy with other tasks. It is drafting regulations, establishing agencies' reporting requirements, developing criteria for new Federal debt collection centers, training Federal employees onsite upon request, preparing to develop and market a public awareness campaign, resolving delinquent debt referral issues, monitoring agencies' implementation of the DCIA, and preparing to report all substantive implementation activities to the Department and Congress.

The DCIA mandates Federal agencies to report 180-day-old delinquent nontax debts to Treasury for administrative offset and to transfer delinquent nontax debts over 180 days old (that do not meet the statutory exemptions) to Treasury for cross-servicing collection action. The creditor agency retains responsibility for reporting the debts on the Report on Receivables Due from the Public (for direct and insured loans) and the Report on Guaranteed Loans (for guaranteed loans). The agency is also responsible for removing accounts from its receivables when Treasury directs it to write off the debts.

There are no exceptions for reporting delinquent nontax debts to TOP for administrative offset. Enactment of the DCIA means that funds payable by the United States to a person, or held by the United States for a person, must be withheld from that person's payment to satisfy a claim or debt. Although there are no TOP exceptions, creditor agencies have some flexibility in complying with the cross-servicing aspect of the law. For example, agencies may exclude transferring delinquent debts to Treasury for cross-servicing in six instances:

- Debts that are in litigation or foreclosure;
- Debts that will be disposed or under an asset sales program within 1 year after becoming eligible for sale, or later than 1 year

if consistent with an asset sales program and a schedule established by the agency and approved by the Director of the **Office of Management and Budget**;

■ Debts that have been referred to a private collection contractor for collection for a period of time determined by Treasury;

■ Debts that have been referred to a debt collection center with the consent of Treasury and for a period of time determined by Treasury;

■ Debts that will be collected under internal offset if such offset is sufficient to collect the debt within 3 years after the debt is first delinquent; and

■ Debts that may be excluded by the Secretary of the Treasury at the request of the head of an executive, legislative, or judicial agency.

DMS is working with agencies to identify nonexempt debts and clarify DCIA requirements. As of late February, DMS has cross-servicing agreements with 14 agencies and several more pending. Agency referrals are increasing as agencies start adapting their collection processes to transfer debts to DMS at the appropriate time.

On Child Support

DMS' involvement in drafting regulations for collecting past-due child support payments is the result of **President Clinton** signing Executive Order No. 13019, September 28, 1996, to implement collection of delinquent child support debts through TOP. The intent is to take additional measures to ensure that parents meet their financial responsibilities to support their children.

According to statistics published by the **Office of Child Support Enforcement**, \$5.8 billion of the total \$17.7 billion owed for child support in 1991 was not paid. Among the children due financial support, "... about half received the full amount, about a quarter received partial payment, and about a quarter received nothing." As President Clinton stated in the Executive order, "While the primary purpose of the Debt Collection Improvement Act is to increase the collection of nontax debts owed to the Federal Government, the Act also contains important provisions that can be used to assist families

Continued on Page 15

Now Playing on the Internet: 'A Citizen Kane Understand U.S. Finances'

BY JACQUELINE A. SHAFER AND GINGER BROWN

CATCH THE WAVE—the *Financial Report to the Citizens* is now available to Internet users worldwide at no additional cost to taxpayers. This vital and innovative product is a very easy-to-understand report on Federal finances and how they impact the Nation's economy.

Developed by the Financial Management Service's Financial Information Assistant Commissioner area, the report responds to a recommendation by **Vice President Al Gore's** National Performance Review (NPR) team that asked Federal employees to "make significant contributions toward the goal of making government . . . more responsive to the public and the customers it serves." More importantly, the NPR proposed presenting meaningful information about Federal finances in a comprehensive and understandable (user-friendly) manner. Citizens would then use this information to become better informed and more able to participate in the debate over the use of the Nation's resources.

Developmental efforts to meet this challenge were headed up in early 1994

by **Arlene Johnson** of FMS. She, with the support of FMS' Customer Assistance Staff, and other Financial Information employees hit the road to interview more than 100 citizens nationwide. Other FMS staff included **Jacqueline A. Shafer**, **Regina Downing**, and **Ruth Williams**.

With the valuable citizen input, and guidance from members of the Advisory Council, the report was put into draft form in February 1995. Treasury council members included former Deputy Secretary **Frank Newman**, Assistant Secretaries **Gerald Murphy** and **George Muñoz**, and FMS Commissioner **Russell Morris**.

Since then, the report has gone through countless modifications (and several project team leader and member shifts) before reaching its current format, designed specifically for the Internet by FMS' **Steve Wiley**. Wiley's eye-catching, full-color design incorporates detailed content that spans a range of topics. The final report was a winner with **John D. Hawke**, Treasury Under Secretary for Domestic Finance, who approved it in early January. Thus, page one (budgetary data) of the report was released to the public January 13, and

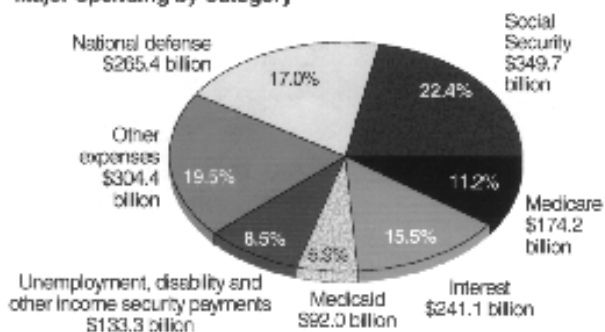
page two (economic data) approximately 2 weeks later. All prior and current team members reunited for a celebratory reception.

Through the hard work and perseverance of all report team members, FMS has made significant strides toward making the Federal Government more responsive to its most important customers—the American citizenry.

Internet users can access this unique product at FMS' Web site (<http://www.fms.treas.gov>). The *Financial Report to the Citizens* hot link under "Highlights" takes users directly to the report home page. Those interested in providing feedback can through e-mail to citizens.report@fms.sprint.com. **FC**

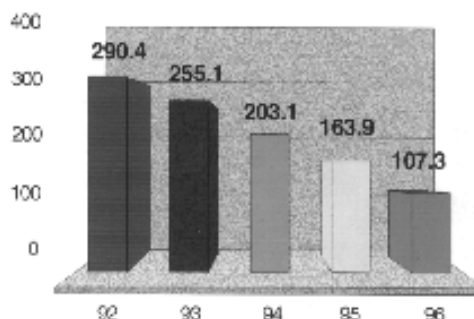
Total Spending, 1996: \$1.560 trillion

Major Spending by Category



Annual Federal Deficit, 1992 — 1996

In billions of dollars



Automation Improves Claims Processing

By SHIRLEY T. BOONE

FINANCIAL MANAGEMENT

Service employees understand their customers' need to automate and process work more efficiently. Therefore, FMS is proud to announce its most recent method of automating **Unavailable Check Cancellations (SF 1184s), Pre-Notification of Change (Pre-Note), and Notification of Change (NOC)** using the **Personal Computer Automated Claims Transactions (PC-ACT) System**. It is a microcomputer-based application designed to improve the level of service to FMS customers by: (1) providing status in a reduced turnaround time and (2) relieving them from the burden of processing the paper documents.

PC-ACT allows agencies and FMS employees to key-enter SF 1184 data once manually handwritten or typed. The data will be passed through a microcomputer-based program for input into FMS' Automated Claims and Check Payment & Reconciliation (CP&R) System. Upon completion of system processing, updated claims data and the appropriate disposition data will be routed to FMS' Regional Financial Centers (RFCs) via the Automated Claims system or to Non-Treasury Disbursing Offices (NTDOs) via Daily Advice of Status (DAS) cards. DAS cards will continue to be used to alleviate major changes to the current claims system.

Using PC-ACT, little modification is required to interface with the existing system. Benefits are achieved by producing a much more efficient approach for processing SF 1184s, Pre-Notes, and NOCs, resulting in improved customer service and improved claims processing capabilities. Savings are realized in reduced customer agency and FMS employee manual processing of multiple forms, reduced errors, and eliminated duplicate processing.

PC-ACT is being implemented in three phases:

Phase I—PC-ACT for Treasury Disbursing Offices (TDOs).—Phase one was designed for use by agencies for whom the Department of the Treasury disburses checks and for RFCs. Several of them have successfully completed pilot-testing and have begun using PC-ACT to submit SF 1184 information.

Phase II—PC-ACT for FMS In-house SF 1184 Process.—On October 1, phase two was implemented. Employees in FMS' Financial Information Assistant Commissioner area, Check Claims Branch, began using PC-ACT. This process allows designated branch employees to perform data entry of SF 1184s received from RFCs, Federal Reserve banks (FRBs), and NTDOs. They key-enter the data and transmit the automated data to the CP&R system, helping to provide faster customer response times.

Phase III—PC-ACT for NTDOs.—Phase three is underway. FMS has begun modifying PC-ACT for agencies that disburse their own checks. Some NTDO representatives are already aware of PC-ACT. However, official notification will be given to all NTDO representatives of FMS plans to use PC-ACT. They will be asked to provide suggestions that may add value to the planned improved process and to assist in pilot-testing prior to implementation.

Perforated SF 1184

On June 1, 1995, FMS announced (via Treasury Financial Manual, Announcement No. A-95-03) development of a perforated version of the single (cut-sheet) SF 1184. The perforated version gives agencies the flexibility to automate

SF 1184 data in the standard format (using their own hardware and software applications). It also helps to reduce processing time, errors, and paper waste and will remain beneficial to agencies that are, at this time, unable to use PC-ACT.

For additional information concerning matters relating to PC-ACT for use by RFCs and TDOs, contact Warren Robinson, Manager, Application Branch, on (202) 874-6929; for use by NTDOs and the perforated SF 1184s, contact Pamela Locks, Manager, Check Claims Branch, on 874-7913. **FC**

Debt Collection, from Page 13

in collecting past-due child support obligations.”

Agency Readiness

In order for Federal agencies to comply with the key provision of the DCIA to report delinquent debts to Treasury for administrative offset, several prerequisites must be met. DMS has agency specialists actively working with each agency one on one to expedite the agency readiness to implement the law. Certain tasks must be completed before Treasury will load delinquent debts into the TOP data base known as the National Interactive Delinquent Debtor Database (NID³).

Once creditor agencies have completed all regulatory and program requirements, DMS makes the necessary provisions to load creditors' delinquent debts into the debtor data base. For more information, call (202) 874-6660. **FC**